

## Message Text

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ACTION IO-10

INFO OCT-01 EUR-12 ISO-00 EB-07 AID-05 AF-06 ARA-06 EA-07

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E.O. 11652: N/A

TAGS: UNIDO, PORG, AORG

SUBJECT: UNIDO DRAFT STATUTES-GROUP B DISCUSSION

REF. A. STATE 245218; B. STATE 241279

1. SUMMARY. GROUP B ON OCTOBER 16 HAD FIRST EXCHANGE OF VIEWS ON DRAFT UNIDO STATUTES. TOO EARLY TO TELL WHETHER BROAD CONSENSUS OF VIEWS WILL EMERGE PRIOR TO FIRST SESSION OF INTERGOVERNMENTAL COMMITTEE OF THE WHOLE (COW). GROUP DECIDED TO ESTABLISH WORKING PARTY TO COMPILE GROUP B COMMENTS IN ORDER TO FACILITATE FURTHER EXAMINATION OF DRAFT STATUTES IN SUBSEQUENT GROUP MEETINGS. END SUMMARY.

2. AS REGARDS GENERAL SCOPE AND ORIENTATION OF UNIDO: FINLAND ARGUED THAT THE STATUTES MUST MAKE CLEAR UNIDO WAS BEING ESTABLISHED FOR THE BENEFIT OF ITS MEMBER COUNTRIES AND NOT THE SECRETARIAT. THIS WOULD REQUIRE PROVISIONS FOR CLOSER CONTROL OF SECRETARIAT ACTIVITIES THAN WOULD BE POSSIBLE THROUGH A GENERAL CONFERENCE MEETING EVERY TWO YEARS AND AN IDB PROSPECTIVELY OF 60 MEMBERS MEETING ANNUALLY. SWEDEN WAS ABLE TO ACCEPT THE GENERAL THRUST  
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OF THE DRAFT STATUTES AS A BASIS FOR NEGOTIATION. FRG

FELT THAT THE OBJECTIVES AND FUNCTIONS OF UNIDO AS EXPRESSED IN THE STATUTES SHOULD BE BROUGHT MORE IN LINE WITH THE CONCLUSIONS OF THE AD HOC COMMITTEE ON LONG-RANGE STRATEGY. FRG ALSO FELT STRONGLY THAT THE CONFERENCE AND BOARD MUST CLEARLY BE ESTABLISHED AS THE GOVERNING BODY OF THE ORGANIZATION AND NOT THE SECRETARIAT. US STATED GENERAL VIEWS ON SCOPE AND THRUST OF NEW ORGANIZATION ALONG LINES PARA 4 REF B, GIVING ONE OR TWO EXAMPLES OF HOW DRAFT TEXT MIGHT BE REWORDED TO MAKE UNIVERSAL FUNCTION CLEAR (PARA 3 REF A, WHICH ARRIVED DURING MEETING). FINLAND, FRG, JAPAN INDICATED SYMPATHY FOR US LINE. AUSTRALIAN CONCERN WAS THAT STATUTES PROVIDE THE FOUNDATION FOR AN EFFECTIVE ORGANIZATION AND NOTED THAT DRAFT STATUTES WOULD APPARENTLY RESULT IN DIMINUTION OF ROLE AND AUTHORITY OF IDB. IN FURTHER COMMENT, FINLAND STATED THAT QUESTION OF ITS MEMBERSHIP IN THE NEW ORGANIZATION WOULD BE DECIDED IN LIGHT OF THE OUT-COME OF NEGOTIATIONS ON THE STATUTES.

3. ON PREAMBLE OF DRAFT STATUTES: US, UK, JAPAN AND ITALY SUPPORTED SHORTENED VERSION AND MORE BALANCED PRESENTATION WITH DELETION OF SPECIFIC REFERENCE TO GA RESOLUTIONS 3201 AND 3202.

4. ON DUBGET: FRG, JAPAN AND US STATED VIEW THAT ASSESSED BUDGET SHOULD NOT SUPPORT TECHNICAL ASSISTANCE/ OPERATIONAL ACTIVITIES WHICH SHOULD BE FINANCED FROM VOLUNTARY CONTRIBUTIONS. US SUPPORTED WEIGHTED VOTING FORMULA, EXCLUDING PLEDGED VOLUNTARY CONTRIBUTIONS, FOR ADOPTION OF BUDGET AS DID JAPAN. US ALSO EXPRESSED VIEW THAT WEIGHTED VOTING FORMULA SHOULD COVER OTHER FINANCIAL-TYPE QUESTIONS SUCH AS SCALE OF ASSESSMENTS. IN THIS CONNECTION FINLAND STATED THAT NO COUNTRY SHOULD BE ASSESSED PROPORTIONALLY FOR MORE OF THE TOTAL BUDGET THAN IT WAS BEING ASSESSED IN THE UN. AUSTRALIA CALLED FOR THE USE OF THE SAME MEASURES OF CAPACITY TO PAY AS IN THE UN WHEN DETERMINING THE SCALE OF ASSESSMENTS.

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5. OTHER POINTS: FINLAND CALLED FOR A SMALL IDB (12 MEMBERS) WITH ROTATING TWO-YEAR MEMBERSHIP, NO "PERMANENT" OR TRADITIONALLY ELECTED MEMBERS, MEETING FREQUENTLY OR AS REQUIRED. IN FRG VIEW, QUESTIONS OF SIZE OF THE BOARD WAS LINKED TO FREQUENCY OF GC MEETINGS. IF CONFERENCE WERE TO MEET AS FREQUENTLY AS EVERY TWO YEARS, THEN IDB SHOULD BE SMALL. IN ANY CASE A 60-MEMBER BOARD WAS TOO LARGE FOR EFFECTIVE WORK.

AUSTRALIA FELT THAT IDB SHOULD RECOMMEND APPOINTMENT OF DG AND THAT CHOICE SHOULD NOT BE LEFT TO GC ALONE (ART. 9.2). ITALY FELT GC SHOULD MEET LESS FREQUENTLY THAN EVERY TWO YEARS BUT DID NOT DISCUSS HOW APPROVAL OF PROGRAM/BUDGET WOULD BE HANDLED IN SUCH CIRCUMSTANCES.

5. FUTURE ACTION: GROUP DECIDED THAT NEXT STEP SHOULD BE ESTABLISHMENT OF GROUP WORKING PARTY WHICH WOULD PREPARE COMPILATION OF GROUP B MEMBERS' GENERAL IDEAS AND ARTICLE BY ARTICLE COMMENTS AND PROPOSALS IN ORDER TO HAVE INITIAL PICTURE OF SCOPE AND IMPORTANCE OF CHANGES DESIRED IN DRAFT STATUTES. COMPILATION WOULD NOT IDENTIFY SOURCE OF COMMENTS. THIS WILL BE FOLLOWED BY MORE INTENSIVE ARTICLE BY ARTICLE EXAMINATION OF DRAFT STATUTES BY FULL GROUP. DURING DISCUSSION OF THIS PROCEDURE SWEDES VIEWING COMPIATION AS FIRST STEP IN ATTEMPT TO DEVELOP CONSENSUS POSITIONS IN GROUP B, STATE THEY WERE NOT PREPARED TO TAKE PART IN ATTEMPT TO COORDINATE GROUP B VIEWS. WHEN CHAIRMAN OBSERVED COORDINATION NOT INTENDED AT THIS STAGE, SWEDES SAID THEY COULD SUBMIT VIEWS IN WRITING TO WORKING PARTY. FOLLOWING COUNTRIES HAVE THUS FAR INDICATED READINESS TO PARTICIPATE IN WP: US, UK, FRG, ITALY, CANADA, AUSTRALIA, FINLAND AND SWEDEN. WG MEETS OCT. 29 BY WHICH TIME ALL GROUP B COUNTRIES INVITED TO SUBMIT OBSERVATIONS ON DRAFT STATUTES IN WRITING FOR INCLUSION IN COMPILATION. WE SHALL SUBMIT VIEWS REFLECTING SERIES OF CABLED COMMENTS THUS FAR RECEIVED FROM DEPARTMENT.STIBRABY

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